

Brookhaven Saves Taxpayers \$7.15 Million Thanks to Town's Sound Fiscal Practices

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Town Refinances Bonds, Reducing Interest Rate to 1.65% from over 4%

Farmingville, NY – Brookhaven Town Supervisor Ed Romaine today announced that the Town will save \$7.15 million over the next decade through a major bond refinancing. The 11-year bonds, which were originally issued in 2008 and 2010 to finance Town-wide improvements including parks, the landfill, roads, town facilities, and historic/open space preservation, were sold at an interest rate of 1.65%, replacing the original bonds with rates of over four percent.

The new bonds were sold during the lowest interest rate environment since November 2016, with the 10 year Treasury Bond (one of the benchmarks in the industry) peaking at 2.6% over the last several months and hitting a six-month low of 2.18% on the day of the bond sale.

"Brookhaven's triple-A credit rating and conservative fiscal management policies have allowed us to once again take advantage of historically low interest rates and save taxpayers millions of dollars," said Supervisor Romaine. "I commend the Town's financial team, who are working very hard to maintain our strong position and I expect this positive trend to continue for many years to come."

In addition to refinancing the bonds, the Town paid down \$2.7 million of the outstanding principal due on these bonds. Paying down a portion of the debt on the old bonds resulted in recurring interest cost savings to support future budgets.

"Unlike many other municipalities that are struggling fiscally, Brookhaven's finances are getting stronger," said Councilwoman Jane Bonner, the Town Board liaison to the Finance Department. "I am very proud to have played a role with the finance team to help save Brookhaven taxpayers millions of dollars and look forward to working with them in the year ahead to build on the success we have achieved."

The Town issued a Request for Proposals (RFP) for the refinancing of the bonds, and 11 institutional investors responded. The Town had nine investors bid competitively on the new money bond sale. The strong investor confidence and interest puts the Town in a unique position to achieve high interest cost savings for the taxpayers.

The Town's recent bond sale traded considerably below the 10-year Treasury Bond and the Municipal Market Data scale, indicating a strong confidence by institutional investors in the Town's current financial position, future financial performance, and the overall management of the Town

Earlier this month, Standard & Poor's Global Ratings re-affirmed their AAA Credit Rating and Stable Outlook on the Town of Brookhaven's General Obligation bonds. The AAA rating, the highest designation that the agency issues, signifies that Brookhaven's fiscal position has an "extremely strong capacity to meet financial commitments." A municipality's credit rating is an important and reliable indicator of its fiscal health determined by independent and objective fiscal monitors. A higher credit rating saves money on borrowing in the form of lower interest costs.

The AAA rating reflects the Town's participation in the very diverse economy and very strong access to broad and diverse employment opportunities. The outlook further reflects Brookhaven's very strong budgetary flexibility, liquidity and management and improving budgetary performance. As such, S&P does not expect the rating to change over the next two-years.

Town of Brookhaven 2016 Financial Results

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